

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY E/B:TOENDERS/ORF/FSE;SWBOSWORTH/JFL

APPROVED BY E/B:TOENDERS

S/S - MR. ORTIZ

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 248682

EXDIS

E.O. 11652: GDS

TAGS: EEWT, UR, US

SUBJECT: US-USSR OIL ARRANGEMENT

1. PLEASE PASS FOLLOWING MESSAGE TO DAVIGNON FROM ENDERS.

2. QUOTE - WE ARE ANNOUNCING AT 1600 WASHINGTON TIME TODAY THE LONG-TERM GRAIN AGREEMENT NEGOTIATED WITH THE SOVIETS. WE ARE ALSO ANNOUNCING THAT WE HAVE SIGNED A LETTER OF INTENT TO CONCLUDE ARRANGEMENTS TO PURCHASE TEN MILLION TONS OF OIL A YEAR FROM THE SOVIETS OVER A FIVE YEAR PERIOD. NEGOTIATIONS TO COMPLETE THIS ARRANGEMENT WILL BEGIN PROMPTLY.

3. QUOTE - CONTRARY TO PRESS SPECULATION, THE OIL AGREEMENT DOES NOT CALL FOR A SUBSTANTIAL PRICE DISCOUNT. IT DOES CALL FOR MUTUALLY AGREED PRICES ASSURING THE INTEREST OF THE TWO PARTIES.

4. QUOTE - OIL DEAL WOULD DIVERSIFY US SOURCES, THUS marginally reducing our vulnerability to embargo. IT WOULD ALSO BE A HELPFUL SIGNAL TO OPEC THAT OTHER SUPPLIES ARE
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POTENTIALLY AVAILABLE. OVERALL, WE BELIEVE THE DEAL IS

CONSISTENT WITH AGENCY POLICY. UNQUOTE. INGERSOLL

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